

FY 2005 Work Plan

Office of Indian Tribal Governments



Tax Exempt Government Entities Division

October 2004
through
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FY 05
Indian Tribal Governments Work Plan

Telephone Contacts

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PLANNING PROCESS

Overview of ITG

The office of Indian Tribal Governments was established in FY 2001 as part of the Service's modernization process. The office is responsible for federal tax administration issues relating to the 564 federally recognized Indian tribes. This includes various employment taxes, excise taxes, anti-money laundering statutes, income taxes, and information reporting. ITG is also responsible to ensure that the Service is in compliance with the provisions of various treaty-based rights of Indian tribes, and various Executive Orders that outline the government-to-government relationship that is required for all interactions.

FY 2005 represents the fourth year of full staffing for ITG, and will mark a continuation of the shift that began in FY 2004 to achieve a better balance between outreach and examinations.

For FY 2005, ITG continued its comprehensive planning process to ensure that the Work Plan reflected input from IRS data, customers, and employees. Responsibility for the development of the Annual Work Plan is vested with the Outreach, Planning, and Review Manager.

At the start of FY 2005, ITG will be staffed at 84% of planned staffing. ITG is not scheduled to receive hiring in FY 2005. As a result, ITG projects that it will complete FY 2005 at 78% of planned staffing.

Although there are only 564 federally recognized Indian tribes, the continuing emergence and growth of tribal economies, largely fueled by gaming, requires ITG to interact with nearly 2100 current tribal entities. Indian tribal governments represent one of the fastest growing segments of the economy, with employment growing by double digits in a recent two-year period.

Methodology

The Strategic Business Plan identified Trends, Issues, and Problems (TIPs) for FY 2005 at the time of its formulation. The ITG office determined that an accurate Work Plan would require a data-driven approach to help refine the TIP areas into specific areas of focus. This approach would provide additional information on which to actually plan critical work.

To accomplish this objective, ITG embarked on a multiple-stage data collection process, including:

- ✓ a formal analysis of compliance,
- ✓ customer feedback, and
- ✓ environmental scanning by the field.

A Compliance Initiative was initiated in FY 2001, which utilized generally accepted research methodology to analyze compliance by Indian Tribal Governments. A major component of this effort was an analysis of Master File information and external data that would assist in determining compliance issues that exist on a national scale. This work was repeated in June 2002, July 2003, and September 2004, and it assisted in determining issues for the FY 2005 Work Plan. It also is used to create new measures that can be contrasted to data from the prior analyses to determine compliance trends over time. The latest analysis reflected the following issues as being present on a regional or national scale:

- ✓ Anti-Money Laundering Requirements
- ✓ Information Reporting (including withholding on Forms W-2G and per capita distributions from gaming)
- ✓ Tip Reporting Compliance
- ✓ FUTA
- ✓ Employment tax filing and payment compliance

ITG attended and participated in numerous meetings during FY 2004 with tribal groups and trade associations. In addition, Consultation Policy listening meetings held in late FY 2003 and early FY 2004 were utilized as a means to capture customer concerns. The areas identified through this process include:

- ✓ Employment Tax – deposits and penalties
- ✓ Tip Reporting Compliance
- ✓ Communication mechanisms with tribes

ITG conducted a Customer Satisfaction Survey during FY 2004, which identified areas of strength where ITG needs to maintain its current efforts, as well as areas for improvement. ITG will be repeating that survey in late FY 2005 and contrasting the results to determine if improvements have been made. The FY 2005 Work Plan includes continuing actions that were designed to address the needs identified through the survey, including improved communication mechanisms, web site enhancements, and operational changes to improve timeliness of responses to tribal inquiries.

Employee feedback secured through the field groups helped to identify issues/customer needs, including:

- ✓ Tip Reporting compliance
- ✓ Employment Tax assistance, with an emphasis on penalty administration
- ✓ Assistance with member issues
- ✓ Per capita distributions (minor trusts, need-based payments, information reporting)
- ✓ Title 31
- ✓ Gaming issues

In addition to the issues surfaced through data analysis, customer feedback, and employee input, ITG will devote FY 2005 resources to addressing abusive issues surfacing within Indian tribal enterprises. We will seek to partner with tribes to address promoters of tax schemes, as well as to address internal abuses that harm tribal finances.

Thus, the foundation for the formulation of the FY 2005 ITG Work Plan is based on the TIP area, but refined to specific issues through the analysis of IRS data, Customer input, Employee input, and Environmental Scanning. These issues form the basis for the compliance activities to be undertaken in FY 2005. The major areas of emphasis are those that were reflected in the analysis of compliance, and reinforced through Customer and Employee input. These include Tip Reporting Compliance, Employment Tax accuracy (including deposits and penalties), Anti-Money Laundering, and Information Reporting.

Each manager was provided with a summary of the information, and was then charged with the responsibility to determine the resources that would be required to address relevant issues with their impacted Tribes in FY 2005. They determined the extent of relevancy for each issue in their area, and estimated their resource needs by issue. Each manager was also asked to provide projections for administrative time, leave, training, etc., and to provide a narrative supporting all of their time allocations. The resultant input was compiled, and a meeting was held to review the results. The management team worked to align the Work Plan to all of the guidelines.

The data validated the TIPs that had been initially projected for FY 2005, but the data-driven approach utilized allowed ITG to pinpoint specific issues, and to ensure that a balanced approach is planned for outreach and compliance activities.

WORK PLAN AREAS

ITG will support the Tax Exempt and Government Entities (TEGE) Division major strategies and operating priorities for FY 2005. These strategies address key challenges we face in delivering top quality service to each customer, top quality service to all customers, and productivity through a quality work environment. These include actions to:

- Understand and Improve Compliance – as detailed below, ITG will continue to utilize employee input, customer input, data analysis, and environmental scanning, to secure a comprehensive knowledge of key compliance issues and causes of noncompliance.
- Meet Customer Needs – as detailed below, ITG will work closely with customers through focus groups and a Customer Satisfaction survey, to ascertain their needs, as well as to design and deliver mutually agreeable remedies to identified compliance concerns and problems whenever possible.
- Improve Organizational Performance – as detailed below, ITG will utilize balanced measures and analyze the results to effect operational enhancements to improve performance
- Improve Knowledge and information Management – as detailed below, ITG will expand its use of data, and continue to utilize data to identify, track, and measure the impact of all field activities. ITG will continue to support the development and implementation of TREES as its primary work platform
- Build a Highly Qualified and Satisfied Workforce – as detailed below, ITG will continue to train its workforce to ensure that employees have the skills necessary to meet customer needs. ITG will also continue its Knowledge Sharing process to expand technical skills of the ITG workforce, and will continue its use of the employee survey and ITG employee focus groups to identify opportunities for improvements in employee satisfaction.

Budget Activity Code 21, PAC 1C

This area represents the resources devoted to Pre-filing Education and Assistance, which includes customer education and outreach, direct and indirect assistance, and coordination of assistance actions between ITG and other functions.

Customer Focus Groups

ITG will continue to utilize a data-driven approach to the identification of compliance needs. This will include the continuation of Employee Focus

Groups, Customer Focus Groups, and compliance data analysis. To meet the focus group needs in this area, ITG will devote resources to Activity Code 316.

Customer Education and Outreach

ITG will undertake a series of activities that will focus on addressing key areas of noncompliance through a combination of targeted outreach, development of new educational products, and conduct of field compliance activities. While focus will be placed on the national and regional issues identified through the research, environmental scanning, and focus groups, local actions will also be supported.

Outreach will focus on key areas such as anti money laundering requirements (a continuing area of national emphasis in all customer segments), employment tax and information reporting requirements, and tip reporting requirements. ITG will undertake these efforts with individual tribes, trade organizations, and stakeholder groups. ITG will also continue the issuance of regional newsletters each quarter during FY 2005. These newsletters will continue to be used as vehicles to provide additional customer education on technical issues, and as a mechanism to disseminate information on meetings and seminars. The regional approach to these newsletters allows us to meet the diverse needs of our customers, which often vary by geographic area. Time expended in this area will be charged to Activity Codes 121, 122, 123, 125, 127, and 591.

In addition to the regional newsletters, other products to be developed during FY 2005 will include a CD-Rom/textbook self-study module on Employment Taxes. ITG will also continue to upgrade its portion of the www.irs.gov web site.

Stakeholder Relationship Management

ITG will utilize its Stakeholder Relationship database to identify the optimal partners for joint activities. Stakeholder relationships will be fostered as a mechanism to involve customers in the development of outreach products, and to leverage resources to maximize the benefit of customer education efforts.

Other Actions

ITG will continue three major activities during FY 2005 that are designed to effect operational improvements.

- Balanced Measures - ITG will utilize Balanced Measures to determine Employee Satisfaction, Customer Satisfaction, and Business Results. Results of these measures will assist ITG in ensuring that actions undertaken did not adversely impact any of the three areas, and will also assist ITG to identify areas in need of operational improvements in subsequent years.

As part of this process, ITG will continue the structured review of 100% of all examinations, compliance checks, and outreach activities. Time spent in this area will be charged to Activity Code 315.

While the measures being utilized for Employee Satisfaction and Business Results are somewhat consistent with measures used by other functions, ITG will continue its Customer Satisfaction Survey, which is unique. FY 05 will be the third year for an annual survey of the 564 federally recognized tribes to ascertain their level of satisfaction with their relationship with the Service. The Outreach, Planning, and Review staff will administer the actual survey. Data collected in the fourth quarter of FY 2003 will continue to serve as a baseline, and FY 2005 data will be analyzed to determine any change.

- Knowledge Sharing – ITG will continue its Knowledge Sharing process that focuses on enhancing employee technical knowledge. This effort focuses on the transfer of specialized technical knowledge between employees to improve both employee and customer satisfaction. Project codes 275-281 will be utilized to track the resources expended on activities where KSG processes are employed.
- Consultation Policy – ITG will complete an IRS/Tribal Consultation Policy for involving Indian tribal governments during the development of IRS policies that will impact them. A draft policy will be developed and circulated for comment during FY 2005, which will serve as the foundation for the completion of this effort in FY 2005. Time expended in this area will be charged to Activity Code 127.

Budget Activity Code 37, PAC 7G

This area represents the resources devoted to Field Compliance Services, which includes compliance checks, return examinations, anti money laundering oversight, research, and requisite support work.

Workload Selection

ITG will continue to refine the workload selection criteria utilized in prior years. In addition, through various Memoranda of Understanding and Internal Revenue Manual provisions, ITG will partner with internal stakeholders to assist in workload identification in areas such as excise tax, and anti-money laundering.

Workload selection will be monitored to ensure that key areas identified through environmental scanning, research, and focus groups are addressed, and that the actions being assigned represent the optimal approach to the identified issue. ITG will continue to undertake Compliance Checks as a mechanism to better understand customer needs and identify appropriate remedies to compliance issues. ITG will also conduct examinations as necessary. Time expended in workload selection will be charged to Activity Code 313.

Research

ITG will continue its annual analysis of federal tax compliance and will expend resources in Activity Codes 161 and 186 to complete the necessary actions.

Compliance Focus Areas

ITG field compliance workload will focus on the following key areas:

- **Employment Tax**
ITG will address employee vs. independent contractor issues that are identified through the filing of Forms SS-8, compliance checks, or regular workload selection. Time expended in this area will be charged to Activity Codes 587, 463, and 465.

ITG will work to address tip income compliance issues within tribal gaming and food service entities. Time expended in this area will be charged to Activity Code 575.

- Federal Unemployment Tax
ITG will continue to work with SBSE Collection, the Campuses, Government Liaison, and customers to properly administer the FUTA provisions of the Consolidated Appropriations Act of 2000. Time expended in this area will be principally charged to Activity Code 587.
- Anti-Money Laundering
ITG, in concert with the AML staff in SBSE, will undertake actions to ensure that Indian tribal governmental entities subject to Title 31 are properly identified and are fully aware of the requirements of Title 31. ITG will also provide assistance to SBSE as required, in the conduct of any AML examinations involving tribal entities. Time expended in this area will be charged to Activity Codes 509 and 591.
- Information Reporting
ITG will work with Tribal governments to resolve questions regarding the taxability of distributions to members, including per capita vs. general welfare distributions.

Reporting compliance in the proper filing of Forms 1099 and W-2G will be addressed through field compliance actions, including both compliance checks and examinations.

Time expended in this area will be charged to Activity Codes 587, 470 and 520.

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TRAINING

Course Number 4300

Continuing Professional Education will be conducted for 60 ITG participants at 40 hours each. The course will address research (maximizing use of IDRS, IRM, and Document 6209), CBRS, GASB 34, workpaper preparation, Aggregation Agreements, PowerPoint techniques, TREES, and other topics.

Course Number 4256

RICS Phase I and II training will be conducted for two OPR staff members at 40 hours each, in order to enhance workload selection capabilities.

Course Numbers 3118a, 3118b, 5607, 5607a, 3148, and 3171

Various training courses will be conducted for the employees selected to address abusive schemes. This will include Special Enforcement training, Criminal Summary Witness training, Abusive Trust and Tax Promotion training, and Fraud Referral Specialist training.

Comprehensive Advanced Access for Programmers

Out-service training will be conducted at 40 hours for one OPR analyst to acquire knowledge required to support enhanced MS Access applications being developed within ITG.

Survey Design/SPSS

Out-service training will be conducted for one OPR analyst to acquire advanced knowledge required to support data analysis needs within ITG.

Appendix – Form 5440

FY2005					
ITG PLANNING ASSUMPTIONS WORKBOOK					
				Technical Time Objectives	
Line	Actviity Code	Project Code	Description of Activity	Planned Staff Days (SDs)	Percentage of Planned Staff Days
BAC 21 - PREFILING TAXPAYER ASSISTANCE AND EDUCATION					
PAC 1C - TAXPAYER COMMUNICATION AND EDUCATION					
A. EDUCATION					
1	121	754, 755, 428	Sponsored/Co-Sponsored Events		
2	122	754, 755, 428	Non-Sponsored Events		
3	123	754, 755, 428	Exhibiting		
4	128	NA, 754, 755, 428	CEO-Reserved		
5					
6					
7			Total Education (Lines 1 - 6)		
B. COMMUNICATIONS					
8	115	N/A, 275-281, 428	News Releases, Announcements & Notices		
9	124	N/A - 758-761, 428	Websites		
10	125	N/A, 275-281, 428	Newsletters		
11	126	N/A, 801-803, 805, 428	Forms/Publications		
12	127	N/A, 275-281, 428	Customer Partnerships		
13	129	N/A, 275-281, 428	CEO-Reserved		
14			Total Communications (Lines 8 - 13)		
C. CUSTOMER ASSISTANCE/VOLUNTARY COMPLIANCE/WALK-IN CAP					
15	100	N/A, 275-281, 428	Taxpayer Assistance/ VITA		
16					
17					
18			Total Projects (Lines 15 - 17)		
D. PROGRAM MANAGEMENT AND DEVELOPMENT					
19	106	N/A, 275-281, 428	Program Management Staff Activities		
20	116	N/A, 275-281, 428	Review and Conference		
21	120	N/A, 275-281, 428	Strategic/Program Planning and Monitoring		
22	137	N/A, 275-281, 428	Technical Advice/Technical Assistance Request		
23	140	N/A, 275-281, 428	Strategic/Program Planning and Business Performance		
24	145	N/A, 275-281, 428	Correspondence (General Coordination)		
25	151	N/A, 275-281, 428	Voluntary Compliance Programs		
26	166	N/A, 275-281, 428	IRM and Other Internal Management Documents		
27	172	N/A, 275-281, 428	Legislative Projects		
28	315	703-704, 428	GEQMS and Mandatory Review		
29	316	107, 108, 428	Focus Group		
30					

31	715	N/A, 275-281, 428	GAO/TIGTA/Other Reviews		
32	717	N/A, 275-281, 428	Management Reviews and Other Program Visits		
33					
34					
35					
36					
37					
38			Total Management and Administrative (Lines19 - 37)		
39	TOTAL BAC 21 PAC 1C (Lines7+14+18+38)				
BAC 37 - COMPLIANCE SERVICES					
PAC 7G - TAX REPORTING - FIELD EXAMINATIONS					
A. EXAMINATION CATEGORIES					
40	014,059,060,077,078	N/A, 275-281	Form 720		
41	197	N/A, 275-281	Form 11-C		
42	198	N/A, 275-281	Form 730		
43					
44	463	N/A, 275-281	Form 945		
45	464	N/A, 275-281	Form 940		
46	465	N/A, 275-281	Form 941		
47	466	N/A, 275-281	Form 942		
48	467	N/A, 275-281	Form 943		
49	468	N/A, 275-281	CT-1		
50	469	N/A, 275-281	CT-2		
51	470	N/A, 275-281	Form 1042		
52	505	N/A, 275-281, 428	Section 115 Issues		
53	509	N/A, 275-281, 428	Form 8300 Compliance Review		
54	521	N/A, 275-281, 428	Excise Compliance		
55	575	183	TIP Compliance Restuarant		
56	575	184	TIP Compliance Gaming		
57	575	185	TIP Compliance Other		
58	587	N/A, 275-281, 428	Employment Tax Compliance		
59	591	180	Title 31 Compliance Review		
60	591	181	Title 31 Identificaton		
61	591	182	Title 31 Outreach and Education		
62	202-290	N/A, 275-281, 428	Form 1120		
63	481-483	N/A, 275-281, 428	Form 1065		
64	506, 520	N/A, 275-281, 428	TDI's & Information Returns Penalties		
65	530-541	N/A, 275-281	Form 1040		
66	Above Exam	090	OJT Casework		
67	101	N/A	Taxpayer Assistance-Postfiling		
68	320	N/A, 275-281, 428	Exam Closing Agreement Programs		
69	593	270-274	ADAPT		
70					
71					
72					
73					
74					

75					
76					
77					
78			Total Examination Categories (Lines 40-77)		
B. MARKET SEGMENT PROGRAMS					
79	Above Exam Activity Codes Except 591/575	186	ITG Nationwide Sample 1		
80	Above Exam Activity Codes Except 591/575	187	ITG Nationwide Sample 2		
81	Above Exam Activity Codes Except 591/575	188	ITG Nationwide Sample 3		
82	Above Exam Activity Codes Except 591/575	189	ITG Nationwide Sample 4		
83	Above Exam Activity Codes Except 591/575	190	ITG Nationwide Sample 5		
84	Above Exam Activity Codes Except 591/575	261	ITG Local Sample 1		
85	Above Exam Activity Codes Except 591/575	262	ITG Local Sample 2		
86	Above Exam Activity Codes Except 591/575	263	ITG Local Sample 3		
87	Above Exam Activity Codes Except 591/575	264	ITG Local Sample 4		
88	Above Exam Activity Codes Except 591/575	265	ITG Local Sample 5		

89	Above Exam Activity Codes Except 591/575	266-281	Local Samples ITG		
90	160	N/A, 275-281, 428	Projects and Studies		
91	161	N/A, 275-281, 428	Market Segments and Profiling Strategies (R&A T)		
92	183	N/A, 275-281, 428	Compliance Research		
93	184	N/A, 275-281, 428	Fed State/Fed Local/Governmental Coordination		
94	186	N/A, 275-281, 428	Other Research		
95					
96					
97					
C. OTHER OPERATIONAL & EXAMINATION SUPPORT ACTIVITIES					
98	152	N/A, 275-281, 428	Automation Activities		
99	153	N/A, 275-281, 428	Workcenter Coordination/TREES Activity		
100	154	N/A, 275-281, 428	Quality Programs		
101	155	N/A, 275-281, 428	Grand Jury & Litigation Assistance		
102	156	N/A, 275-281, 428	Database Management		
103	164	N/A, 275-281, 428	General Support/Management Assistant		
104	189	N/A, 275-281, 428	Satisfaction Surveys		
105	191	N/A, 275-281, 428	Recruitment Activities		
106	313	N/A, 275-281, 428	Classification		
107	314	N/A, 275-281, 428	Surveys		
108	611	N/A, 275-281, 428	General Support (Clerical)		
109	612	N/A, 275-281, 428	Inventory or AIMS		
110	707	N/A, 275-281, 428	Field Focus Group Participation/KSG Activity		
111	720, 721	N/A, 275-281, 428	Reserved		
112	187	N/A, 275-281, 428	Strategic/Program Planning and Business Performance		
113					
114			Total Other Operational and Examination Support Activities (Lines 98 - 113)		
115	Total BAC 37 PAC 7G (Lines 78+96+114)				

A. INDIRECT/ADMINISTRATIVE					
116	610	N/A	Non-Case Technical		
117	730	N/A	Administrative Duties		
118			Total Indirect/Administrative (Lines 116 - 117)		
B. MANAGEMENT					
119	619	N/A, 275-281, 428	Group Manager		
120	630	N/A, 275-281, 428	Senior Management		
121	660	N/A, 275-281, 428	Other Management		
122	670	N/A, 275-281, 428	Executive (SES)		
123	680	N/A, 275-281, 428	Case Related Management		
124			Total Management (Lines 119-123)		
C. TRAINING					
125	681	750-751, 428	Formal Training		
126	682	750-751, 428	On-The-Job Training		
127	683	750-751, 428	Other Training		
128	684	750-751, 428	Continuing Professional Education (CPE)		
129	685	750-751, 428	Development of Training Material		
130	686	750-751, 428	Instructor Assignments		
131			Total Training (Lines 125-130)		
D. Details/Leave					
132	820	001-009	Details		
133					
134	830, 831, 840, 860	N/A	Leave		
135	Total Other Operational (Lines 118+124+131+132+133)				
136	Total Operational (Line 39 + 115)				
137	TOTAL WORK TIME (135 + 136)				
138	TOTAL FY 2004 ITG TECHNICAL STAFF DAYS (Lines 134+137)				